

A RESOLUTION

BY TRANSPORTATION COMMITTEE

01-R -0113

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AN AMENDMENT NUMBER TWO TO THE CONCESSION AGREEMENT FC 6215-95 WITH BUSINESS TRAVELER SERVICES, INC., WHICH SHALL EXTEND THE TERM FOR FIVE (5) YEARS, REVISE THE FORMULA FOR ESCALATION OF THE MINIMUM ANNUAL GUARANTEE, AND PROVIDE ADDITIONAL CUSTOMER SERVICE AND FACILITY MAINTENANCE STANDARDS FOR THE CONCESSION OPERATIONS THEREUNDER; AND FOR OTHER PURPOSES.

WHEREAS, the City of Atlanta, as owner and operator of the Hartsfield Atlanta International Airport ("Airport") has heretofore entered into Concession Agreement FC 6215-95 with Business Traveler Services, Inc., ("Agreement") for the establishment and operation of a business services concession in designated locations in the Central Passenger Terminal Complex at the Airport for a term of five years, commencing May 1, 1996, with the City having the option to extend the term for an additional period of five years, with provision for escalation of rental based on the total annual passenger enplanements at the Airport; and

WHEREAS, it is appropriate and in the interest of the City to exercise the option to extend the term, as hereinafter set forth; and

WHEREAS, it has been determined that number of enplanements is not an appropriate or reasonable basis for determining the amount of rent thereunder in that the customers of a business services center are a relatively small portion of the total passengers using the Airport, making it necessary to revise the methodology for determining the annual increases in rental, as hereinafter set forth; and

WHEREAS, it has become necessary and desirable to provide additional requirements to be met by the concessionaire in the operation of the concession and maintenance of the facilities, as hereinafter set forth, to meet new customer service standards being implemented at the Airport.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA, that the Mayor be and he hereby is authorized to execute on behalf of the City of Atlanta an Amendment Number Two to Concession Agreement FC 6215-95 with Business Traveler Services, Inc., which shall (1) extend the term pursuant to the City's option to renew the Agreement set forth in Section 2.2 of the Agreement, (2) establish the new method of calculating the MAG to be the 1998 MAG adjusted each following year by the lesser of the Consumer Price Index or 4%, and (3) add standards to be met by Business Traveler Services, Inc., with respect to customer service and facility maintenance.

BE IT FURTHER RESOLVED that the City Attorney be and hereby is directed to prepare said Amendment Number Two for execution by the Mayor, to be approved as to form by the City Attorney

BE IT FINALLY RESOLVED that the City of Atlanta shall incur no obligation or liability under said Amendment Number Two until the same has been signed by the Mayor and delivered to Business Traveler Services.

TRANSMITTAL FORM FOR LEGISLATION

To Mayor's Office: Greg Pridgeon

General Manager's Signature: _____

From: Originating Dept. Aviation

Committee of Purview: TC

Committee Meetings: 01/31/00

Contact Person: Kyle Mastin (404) 209-2100

Committee Deadline: 01/19/01

City Council Meeting: 02/05/01

CAPTION:

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AN AMENDMENT NUMBER TWO TO THE CONCESSION AGREEMENT FC 6215-95 WITH BUSINESS TRAVELER SERVICES, INC., WHICH SHALL EXTEND THE TERM FOR FIVE (5) YEARS, REVISE THE FORMULA FOR ESCALATION OF THE MINIMUM ANNUAL GUARANTEE, AND PROVIDE ADDITIONAL CUSTOMER SERVICE AND FACILITY MAINTENANCE STANDARDS FOR THE CONCESSION OPERATIONS THEREUNDER; AND FOR OTHER PURPOSES.

BACKGROUND / DISCUSSION: The airport has worked with concessionaires over the past several months to resolve cost related issues for construction and rent. Legislation was approved in August 2000 to extend the Prime leases five years to rectify these issues. Business Travelers Services was not included in the legislation because their lease provided for a 5-year extension. The Department of Aviation recommends that the City exercise its option for the extension for Business Travelers Services in order to recoup initial investment costs. Concessionaires, including Business Travelers Services, enlisted the services of PricewaterhouseCoopers LLP, a national accounting firm to perform analyses in connection with the tenant improvement costs. The analyses determined that the concessionaires had incurred substantial costs to construct concession locations. The major factor for the high cost was the 1996 Olympic Games inflation factor.

FINANCIAL IMPACT: None

Major's Staff Only:

Received by Major's Office: 1/5/01

(Date)

Reviewed: _____

(Initials)

(Date)

Submitted to Council: _____

Action by Committee: _____

Approved

Adversed

Held

Amended

Substitute

Referred

Other